

SNOHOMISH COUNTY FIRE PROTECTION DISTRICT NO. 1
Snohomish County, Washington
January 1, 1993 Through December 31, 1994

Schedule Of Findings

1. The District Should Improve Internal Controls Over Cash Receipts

The district lacked proper internal controls over cash receipts. The following weaknesses were found:

- a. Receipts were not deposited in a timely manner. We noted that transmittals to the county treasurer were made only once every month. The transmittals averaged about \$5,000. In addition, the deposit transmittals to the county did not indicate the mode of payment or receipt sequence.
- b. The receipts lacked adequate support.
- c. The district did not verify deposits posted in the county's general ledger with the individual county deposit slips.
- d. The duties of billing, posting, and receipting were not segregated.
- e. The checks were not restrictively endorsed when received.
- f. Mail was not opened by two people and checks were not receipted into a receipt book.
- g. There were gaps of 2 to 3 months between some receipt dates in the log. This was a result of the district's practice of not preparing receipts until the day of deposit.

RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours. The treasurer may in his or her discretion grant an exception where such daily transfers would not be administratively practical or feasible.

RCW 43.09.200 states in part:

The system (of accounting and reporting) shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons.

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

These weaknesses make it difficult to determine if all funds received by the district were deposited with the county treasurer. By not transmitting collections on a timely basis, the district is not obtaining maximum investment earnings on the money. Also, the district's failure to deposit moneys received in a timely manner results in a risk that errors or irregularities could occur and not be detected in a timely manner.

We recommend that the district officials improve controls over cash receipts by implementing the following procedures:

- a. The district should deposit receipts in a timely manner. Deposits should be reconciled to receipts by mode of payment.
- b. Adequate documentation should support each receipt or deposit. This could consist of a copy of the check, the check stub, copier use logs, stamp sale logs, and/or letters sent with the checks, billings, or contracts. The district officials should be able to locate the support on request.
- c. The district should reconcile deposits made to the county treasurer's reports on a monthly basis.
- d. The duties of billing, posting, and receipting should be assigned to separate staff positions.
- e. All checks should be restrictively endorsed when received.
- f. District officials should have two employees opening the mail and recording checks on a check log. For fixed accountability, the employees should sign the check log. Once a day the check log should be agreed to the receipts. All miscellaneous cash should be receipted separately. All receipts should indicate mode of payment.
- g. Revenue should be recorded in the receipt book when received.